



# PHARMACEUTICALS

## Philippines

### Market Overview

- ▶ The \$1.0 billion Philippine pharmaceutical market is growing 5.5% annually, with imports meeting 65% of demand.
- ▶ Major disease states include hypertension and renal disorders, as well as poverty-related diseases such as malaria, hepatitis, typhoid and gastrointestinal disorders.
- ▶ 85% of pharmaceutical products are sold through drug stores, 15% through hospitals and doctors' clinics. Drugs represent 40% of healthcare spending.
- ▶ Drug price increases slightly trail CPI increases due to heavy competition and despite the lack of government price controls.
- ▶ Philippine Bureau of Food and Drugs has a drug review system patterned after the U.S. FDA.
- ▶ Multinational companies comprise 70% of the market, with local companies meeting 30% of demand. Local companies import roughly 80% of their raw materials.

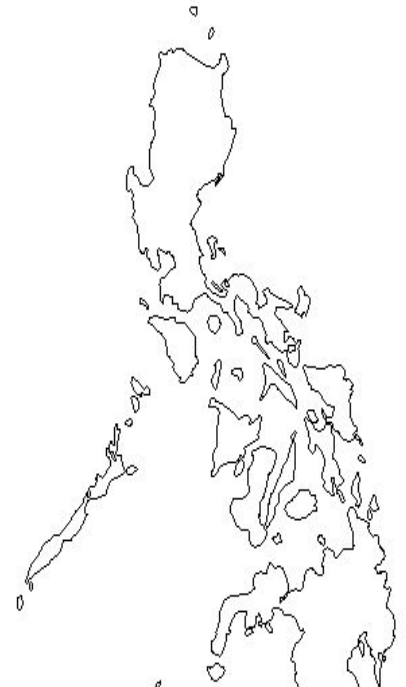
### PHARMACEUTICAL IMPORT MARKET (In USD Millions)

|                  | 2002 | 2003 | 2004 |
|------------------|------|------|------|
| Total Market     | 890  | 933  | 980  |
| Local Production | 312  | 331  | 348  |
| Imports          | 578  | 602  | 632  |

Note: 2004 statistics are projected from official 2003 numbers.

### Commercial Opportunities

- ▶ Strong demand exists for maintenance medications (i.e. cardiovascular), vaccinations and OTC products.
- ▶ Demand is also booming for clinical laboratory kits to test the 1 million+ new Filipino contract workers, who go to work abroad each year.
- ▶ The recommended strategy for new market entrants is to find a local agent. An agency arrangement should be backed by an aggressive marketing campaign and sales support.



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